

## Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 EB-07 COME-00 HEW-02 OES-03 TRSE-00 L-03

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DRAFTED BY:NEA/INS:MFIDELMAN

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EB/CSB/BP:DLABRIE

EB/IFD/OIA:RSMITH

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R 280242Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E. O. 11652: N/A

TAGS: EINV, ETRD, IN

SUBJECT: DRUG INDUSTRY - HATHI REPORT

REF: NEW DELHI 8372

1. EB AND NEA REPS MET WITH WYETH VP WIEN AND A REPRESENTATIVE FROM PFIZER JUNE 26 CONCERNING FUTURE INDIAN PHARMACEUTICAL INDUSTRY. THEY PAINTED A BLEAK PICTURE FOR FOREIGN SECTOR IN LONGTERM IF HATHI COMMITTEE RECOMMENDATIONS WERE IMPLEMENTED. IN ADDITION THEY COMPLAINED OF ALLEGED RECENT ACTS OF HARASSMENT UNDER THE FOREIGN EXCHANGE REGULATION ACT WHICH, THEY CLAIMED, SEEMED TO MIRROR RECOMMENDATIONS OF HATHI REPORT AND WHICH, THEY FELT, BORDERED ON EXPROPRIATION.

2. PHARMACEUTICAL FIRM REPS ASKED DEPARTMENT TO INTERCEDE AT QTE. HIGHEST LEVEL UNQTE. TO APPRISE THE PM OF THE "REAL SITUATION" AND TO URGE HEARINGS WHERE

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ECONOMISTS AND OTHER EXPERTS NOT CONNECTED WITH THE INDUSTRY COULD OBJECTIVELY MAP OUT DIRE CONSEQUENCES -

FOR INDIA AND FOREIGN PHARMACEUTICAL FIRMS - OF THE REPORT'S RECOMMENDATIONS. THEY ARE CONSIDERING THE ADVISABILITY AND ADVANTAGES OF SENDING A DELEGATION TO INDIA ON BEHALF OF THE DRUG INDUSTRY.

3. THEY URGED THAT WE MAKE GOI AWARE OF OUR CONCERN AND OF THE VARIOUS US LEGISLATIVE SANCTIONS THAT MAY COME INTO PLAY SHOULD THE SITUATION CONTINUE TO DETERIORATE, E.G., HICKENLOOPER AND GONZALES AMENDMENTS AND GSP PROVISION IN TITLE V OF THE TRADE ACT OF 1974. THEY ASKED FOR DEMARCHE NOW BEFORE NEW LEGISLATION IS ENACTED.

4. DEPT REPS AGREED TO STUDY WYETH/PFIZER COMPLAINTS OF DISCRIMINATORY ACTS BY GOI AS WELL AS TO CONSULT WITH EMBASSY AS TO BEST COURSE OF ACTION. IN LIGHT OF PRESENT INDIAN DOMESTIC SITUATION, WE DOWNPLAYED ADVISABILITY OF TOP LEVEL APPROACHES.

5. WE WOULD APPRECIATE EMBASSY'S COMMENT ON WYETH/PFIZER CHARGES AND OPINION AS TO ADVISABLE ACTION UNDER PRESENT CIRCUMSTANCES. INGERSOLL

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